



NEWSLETTER



Texas FSA Today

July 2013

An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

COC NOMINATION DEADLINE

The election of agricultural producers to Farm Service Agency (FSA) county committees is important to farmers and ranchers. It is crucial that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the U.S. Department of Agriculture (USDA).

County committee members are a critical component of the operations of FSA. They help deliver FSA farm programs at the local level. Farmers and ranchers who serve on county committees help with the decisions necessary to administer the programs in their counties. They work to ensure FSA agricultural programs serve the needs of local producers.

FSA county committees operate within official regulations designed to carry out federal laws. County committee members apply their judgment and knowledge to make local decisions.

The COC nomination period runs from June 17, 2013 through August 1, 2013. The nomination form is available at USDA Service Centers and online. For more information contact your local FSA office.

DCP DEADLINE

Producers are encouraged to sign up for the Direct and Counter-cyclical program (DCP) before the Aug. 2, 2013, deadline.

The 2013 DCP and ACRE program provisions are unchanged from 2012, except that all eligible participants in 2013 had the option to enroll in either DCP or ACRE for the 2013 crop year. This means that eligible producers who were enrolled in ACRE in 2012

had the opportunity to re-enroll in ACRE for 2013 before the June 3, 2013 deadline or they can still enroll in DCP through August 2, 2013.

Producers who wish to enroll in DCP are encouraged to schedule an appointment with their local FSA Office as soon as possible.

NAP COVERAGE AVAILABLE FOR 2014 ANNUAL FORAGE CROPS

The Texas Farm Service Agency will offer Noninsured Crop Disaster Assistance Program (NAP) coverage for 2014 crops that are planted annually and used for livestock feed or fodder.

The Risk Management Agency (RMA) recently announced a pilot program that offers a CAT level Rainfall Index-Annual Forage Insurance Plan to producers in Texas, Kansas, Nebraska, North Dakota, Oklahoma and South Dakota.

Because there is limited time for producers in these states to transition from NAP to the new RMA pilot program, an exception was made that will allow the states to continue offering NAP coverage for 2014. However, NAP coverage will not be available for 2015 annual forage crops.

Eligible producers can apply for 2014 NAP coverage at their local FSA Office using form CCC-471, Application for Coverage. Producers must file the application and service fee by the September 1, 2013 deadline for small grains. The service fee is the lesser of \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interests in multiple counties.

Producers who meet the definition of

a limited resource farmer or rancher can request a waiver of the service fee.

For more information about NAP, please contact your local FSA office or visit www.fsa.usda.gov.

CRP EMERGENCY GRAZING POLICY CHANGE

In Texas, 207 counties are authorized for emergency grazing use of Conservation Reserve Program (CRP) acres for fiscal year (FY) 2013.

The CRP emergency grazing authorization for fiscal year 2013 began on June 2, 2013 and remains in effect for a 90 day period. Click [here](#) to view a list of counties authorized for 2013 CRP emergency grazing.

Based on a decision made by the Texas FSA State Committee, CRP acres grazed during fiscal year 2011 or 2012 will be considered eligible for emergency grazing if NRCS verifies, on a case-by-case basis, that the conservation cover will sustain grazing. CRP acres grazed in the fall/winter of fiscal year 2013 will not be eligible for spring/summer grazing. FSA's fiscal year runs from October 1 to September 30.

Eligible producers who are interested in emergency grazing of CRP must request approval before grazing eligible acreage and must obtain a modified conservation plan from the Natural Resources Conservation Service that includes grazing provisions.

Additionally, there will be a 25 percent CRP payment reduction for CRP acres used for grazing under these emergency provisions.

To take advantage of the emergency

grazing provisions, authorized producers can use the CRP acreage for their own livestock or may grant another livestock producer use of the CRP acreage.

If a producer chooses to lease eligible CRP acreage, the producer cannot profit on the lease agreement. The amount charged for lease of CRP emergency grazing acres cannot exceed the value of the 25 percent payment reduction.

For more information and to request approval for emergency grazing use of CRP acres please contact your local FSA Office.

USDA AUTHORIZES EMERGENCY HAYING OF CRP ACRES FOR 197 COUNTIES

In Texas, 197 counties are authorized for emergency haying use of Conservation Reserve Program (CRP) acres for fiscal year (FY) 2013.

The CRP emergency haying authorization for fiscal year 2013 began July 2, 2013 for a 60 day period, not to exceed August 31, 2013. Click [here](#) to view a list of counties authorized for 2013 CRP emergency haying.

Based on a revised policy decision made by the Texas FSA State Committee, CRP acres hayed during fiscal year 2011 or 2012 will be considered eligible for emergency haying if NRCS verifies, on a case-by-case basis, that the conservation cover will sustain haying. FSA's fiscal year runs from October 1 to September 30.

Eligible producers who are interested in emergency haying of CRP must request approval before haying eligible acreage and must obtain a modified conservation plan from the Natural Resources Conservation Service that includes haying requirements.

Upon approval of emergency haying, producers must leave at least 50 percent of each field or contiguous field unhayed for wildlife. For those counties that are eligible for emergency haying and grazing, the same CRP acreage cannot be both hayed and/or grazed at the same time. For example, if 50 percent of a field or contiguous field is hayed, the remaining unhayed 50 percent cannot be grazed; it must remain unhayed and ungrazed for wildlife.

In addition, participants are limited to one hay cutting and are not permitted to sell any of the hay.

There will be a 25 percent CRP payment reduction for CRP acres used for haying under these emergency provisions.

To take advantage of the emergency haying provisions, authorized producers can use the CRP acreage for their own livestock or may grant another livestock producer use of the CRP acreage for the purpose of haying.

For more information and to request approval for emergency haying use of CRP acres please contact your local FSA Office.

ACREAGE CERTIFICATION

After spring planting, producers should certify their 2013 acreage. Filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs.

Failed acreage must be reported within 15 days of the disaster event and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

Acreage reports are required for many Farm Service Agency programs. Contact your local FSA office for a list of acreage certification deadlines.

FILING FOR NAP LOSSES

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

FARM SAFETY

Summer is an exciting and hectic time on farms. Texas FSA employees care about our customers, and want to remind them to practice farm safety.

Remember to: Walk around machinery and check shields and guards; make sure the PTO's master shield is in place; make sure Slow Moving Vehicle signs are on machinery.

If you are taking medicine, take it at the appropriate time and eat on schedule.

If you are working in grain bins know that flowing grain can kill, and it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped. Try not to work alone in bins or confined spaces, and if that's not possible let someone know where you are by checking in regularly by cell phone.

The American Society of Safety Engineers (ASSE) offers the following safety tips for farmers:

1. Educate yourself on farm equipment. Read and follow instructions according to the equipment's manuals about safety.
2. Conduct regular equipment inspections.
3. Don't wear loose clothing while entering confined spaces such as grain bins, silos and hoppers as this can prevent entanglements.
4. Install Rollover Protective Structures (ROPS) on tractors.
5. Use seat belts while operating tractors with a ROPS. Do not allow additional passengers on the tractor with you.
6. While operating tractors and other farm equipment, be very cautious on rural roadways.
7. Use protective gear when operating machinery: Be familiar with hazardous chemicals. Take extra precaution when handling chemicals such as anhydrous ammonia, carbon dioxide, methane gas and hydrogen sulfide.
8. Consistently educate your family and co-workers about safety practices, especially children.

HIGHLY ERODIBLE LAND AND WETLAND COMPLIANCE

Landowners and operators are reminded that in order to receive payments from USDA, they must be compliant with Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions. Farmers with HEL determined soils must apply tillage, crop residue and rotation requirements as specified in their conservation plan.

Producers should notify FSA prior to conducting land clearing or drainage projects to ensure compliance. If you intend to clear any trees to create new cropland, these areas will need to be reviewed to ensure any work will not jeopardize your eligibility for benefits.

Landowners and operators can complete form AD-1026 Highly Erodible Land Conservation (HEL) and Wetland Conservation (WC) Certification to determine whether a referral to Natural Resources Conservation Service (NRCS) is necessary.

For more information on Highly Erodible Land and Wetland Conservation provisions, contact a FSA County Office or visit the FSA website at www.fsa.usda.gov.

COMPLIANCE SPOT CHECKS

Compliance spot checks will be conducted on 2013 crops. Instead of locally selecting farms, contracts, deficiency loans, etc. for review, a nationwide selection of producers is employed. Spot check selections are to be conducted based on a producer's participation in Conservation Reserve Program, Direct and Counter-cyclical Program, Loan Deficiency Program, etc.

For more information about the spot check selection procedure, feel free to contact your local Farm Service Agency office for additional clarification.

FARM RECONSTITUTIONS

When changes in farm ownership or operation take place, a farm reconstitution is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon.

Remember, to be effective for the current year, recons must be requested by Aug. 1 for farms enrolled in the Direct and Counter-Cyclical Program.

Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

DCP Cropland Method — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

Default Method — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

If DCP direct payments have already been issued on a particular farm, the reconstitution will be effective for the next year, unless the payments are refunded.

SUCCESSOR-IN-INTEREST

Many FSA programs will allow payments to be made to heirs or successors when a program participant passes away. Additionally, contracts in programs such as CRP must be revised to reflect the successor(s) to a deceased participant's interest.

In the event of an FSA program participant's death, it is important that FSA be notified. Entities and joint operations that participate in FSA programs also need to notify FSA if a shareholder or member passes away. FSA benefits are reported to IRS and maintaining current, accurate records about participants is vital to ensuring that those payments are reported correctly.

FOREIGN BUYERS NOTIFICATION

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA.

All individuals who are not U.S. citizens, and have purchased or sold agricultural land in the county are required to report the transaction to FSA with 90 days of the closing. Failure to submit the AFIDA form (FSA-153) could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, Realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

FARM STORAGE FACILITY LOAN PROGRAM

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are now required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage facilities, hay barns and for all loans exceeding \$50,000. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

The following commodities are

eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas, dry beans and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities
- Honey

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

MARKETING ASSISTANCE LOANS (MAL)

Short-term financing is available by obtaining low interest commodity loans for eligible harvested production. A nine-month Marketing Assistance Loan provides financing that allows producers to store production for later marketing. The crop may be stored on the farm or in the warehouse.

Loans are available for producers who share in the risk of producing the eligible commodity and maintain beneficial interest in the crop through the duration of the loan. Beneficial interest means retaining the ability to make decisions about the commodity, responsibility for loss because of damage to the commodity and title to the commodity. Once beneficial interest in a commodity is lost, it is ineligible for a loan, even if you regain beneficial interest.

UNAUTHORIZED DISPOSITION OF GRAIN

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

CONTROLLED SUBSTANCES

Program participants convicted under federal or state law of any planting, cultivating, growing, producing, harvesting or storing a controlled substance are ineligible for program payments and benefits.

If convicted of one of these offenses, the program participant shall be ineligible during that crop year and the four succeeding crop years for Direct and Counter-Cyclical payments, price support loans, loan deficiency payments, market loan gains, storage payments, farm facility loans, Non-Insured Crop Disaster Assistance Program payments or disaster payments.

Program participants convicted of any federal or state offense consisting of the distribution (trafficking) of a controlled substance shall, at the discretion of the court, be ineligible for any or all program payments and benefits:

- For up to 5 years after the first conviction
- For up to 10 years after the second conviction
- Permanently for a third or subsequent conviction.

Program participants convicted of federal or state offense for the possession of a controlled substance shall be ineligible, at the discretion of the court, for any or all program benefits as follows:

- Up to one year upon the first conviction
- Up to five years after a second or subsequent conviction.

MICROLOAN PROGRAM

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and small family farm operations.

FSA offers applicants a Microloan designed to help farmers with credit needs of \$35,000 or less. The loan features a streamlined application process built to fit the needs of new and smaller producers. This loan program will also be useful to specialty crop producers and operators of community supported agriculture (CSA).

Eligible applicants can apply for a

maximum amount of \$35,000 to pay for initial start-up expenses such as hoop houses to extend the growing season, essential tools, irrigation and annual expenses such as seed, fertilizer, utilities, land rents, marketing, and distribution expenses. As financing needs increase, applicants can apply for a regular operating loan up to the maximum amount of \$300,000 or obtain financing from a commercial lender under FSA's Guaranteed Loan Program.

Individuals interested in applying for a microloan or would like to discuss other farm loan programs available, should contact the local FSA office to setup an appointment with a Loan Approval Official.

LAND CONTRACT (LC) GUARANTEES

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farm-ers and ranchers. Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or socially disadvantaged farmer or rancher. The guarantee reduces the financial risk to the seller.

FSA offers two types of guarantees:

- Prompt Payment Guarantee - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.
- Standard Guarantee - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the market value of the property.

RURAL YOUTH LOANS

The Farm Service Agency makes loans to rural youth to establish and operate agriculture income-producing projects in connection with 4-H Clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and

educational experience. The maximum loan amount is \$5000.

For more information you can stop by your FSA county office. Our staff can help with preparing and processing the application forms.

BEGINNING FARMER LOANS

FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county's median size.

Additional program information, loan applications, and other materials are available at your local FSA Office. You may also visit www.fsa.usda.gov.

LOANS FOR THE SOCIALLY DISADVANTAGED

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of socially disadvantaged applicants.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere

GUARANTEED LOAN PROGRAM

The Farm Service Agency loan limit for the Guaranteed Loan Program has increased to \$1,302,000. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The maximum combined guaranteed and direct farm loan indebtedness has increased to \$1,602,000.

As a reminder, the one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans is 1.5 percent of the guaranteed portion of the loan.

Producers should contact their local FSA County Offices with questions about farm loans.

Readers are advised that dates for FSA programs in Texas are often county-specific. Please contact your local FSA office for detailed information pertaining to your operation.

Dates to Remember	
Aug. 1	County Committee Nomination Deadline
Aug. 2	DCP Deadline
Continues	Continuous Conservation Reserve program

Selected Interest Rates for July 2013	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.25%
Farm Ownership Loans — Direct	3.25%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.25%
Farm Storage Facility Loans (7 years)	1.50%
Sugar Storage Facility Loans	2.625%
Commodity Loans 1996-Present	1.125%